

Minutes of the Finance Committee

Wednesday, January 22, 2014

Chair Haukohl called the meeting to order at 8:30 a.m.

Present: Supervisors Pat Haukohl, Richard Morris, Dan Draeger, Bill Zaborowski, Larry Nelson, and Pamela Meyer.

Also Present: Chief of Staff Mark Mader, Legislative Policy Advisor Sarah Spaeth, Criminal Justice Collaborating Council (CJCC) Coordinator Rebecca Luczaj, The *Freeman* Reporter Darryl Enriquez, County Board Candidate Michael Starich, President of the Waukesha Preservation Alliance Mary Emery, Citizen Marilyn Hagerstrand; Senior Financial Analysts Clara Daniels, Steve Trimborn, Aaron Daul, and Rob Dunn; County Board Supervisor Kathleen Cummings, Public Works Director Allison Bussler, Parks & Land Use Director Dale Shaver, Building Operations Manager Shane Waeghe, Architectural Services Manager Dennis Cerreta, Risk/Purchasing Manager Laura Stauffer, Business Manager Betsy Forrest, Fleet Manager Bob Rauchle, Highway Operations Manager Pete Chladil, Treasurer Pam Reeves, Senior Human Resources Analyst Renee Gage, Accounting Services Manager Cynthia Lilley, Clinical Services Manager Joan Sternweis, Budget Specialist Bill Duckwitz, Emergency Preparedness Director Gary Bell, Administration Director Norm Cummings, Public Finance Director of Baird Bradley Viegut, Senior Civil Engineer Karen Braun, and Principal Assistant Corporation Counsel Erik Weidig. Recorded by Mary Pedersen, County Board Office.

Ordinance 168-O-081: Accept 2014 Justice System Improvement, Treatment Alternatives And Diversion (TAD) Grant Awarded Through The Wisconsin Department Of Justice (DOJ) And Modify Waukesha County Department Of Health And Human Services - Criminal Justice Collaborating Council 2014 Budget To Authorize Grant Expenditures

Luczaj discussed this ordinance which authorizes the CJCC program to accept \$142,883 of TAD Grant funding award from the Wisconsin DOJ for the fiscal funding period of January 1, 2014 through December 31, 2014. Luczaj said this is good news because staff were unsure how the County would fund the program after this year. The grant requires an estimated \$47,628 as the local match which will be from a percentage of AODA mental health services, already provided by the Health & Human Services Department and currently budgeted.

The grant funds will be appropriated as follows: \$80,125 for a case manager, \$26,618 for laboratory supplies for drug testing, \$23,074 for medical assisted treatment supplies, \$10,656 for client incentives including transportation assistance, and \$2,410 for travel and training costs. Luczaj noted treatment includes Naltrexone and the injectable form, Vivitrol, both of which reduce opiate cravings. Transportation assistance and incentives for participants are considered best practices from the national model.

The Drug Court grant funding is projected to serve an additional 25 nonviolent, drug dependent offenders who are at least 18 years of age and are Waukesha County residents up to a maximum of 50 clients in 2014 thereby eliminating the current wait list for the Drug Court Program. The grant will expand the capacity of the existing program in 2014 and creates a mechanism to sustain the program for at least two years beyond the life of the federal grant which is scheduled to end

December 31, 2014. The CJCC plans to submit two consecutive non-competitive continuation applications to the Wisconsin DOJ for the same level of funding in 2015 and 2016.

MOTION: Draeger moved, second by Nelson to approve Ordinance 168-O-081. Motion carried 6-0.

Ordinance 168-O-084: Appropriate Additional Funds To Increase Risk Management's Self-Insurance Reserve Levels From General Fund Balance

Stauffer was present to discuss this ordinance. Because the County self-insures its general liability and workers compensation insurance programs, we are required to maintain sufficient reserves to pay future claims as estimated by our actuaries. The most recent review, conducted in the spring of 2013, estimated that about \$3.4 million in reserves should be set aside to provide for future claims at a 50% confidence level based on claims experience through the end of 2012. The Risk Management Fund lacked sufficient expenditure authority in the 2013 budget to fund the reserve up to that level and would require about \$520,000 to increase it to the amount determined by the actuaries. Based on the Risk Management Fund activity through the end of 2013, that fund has insufficient fund balance to fully fund the reserve increase. For historical purposes, Stauffer noted that an additional \$465,000 was needed in 1993, \$209,000 in 2001, and \$900,000 in 2005.

This ordinance appropriates \$520,000 of general fund balance to bring the reserve to the required level. No immediate obligations will be applied against this reserve. It exists to ensure sufficient funds will be available to cover claims as they occur. Future changes to the reserve and premiums charged by Risk Management will be driven by actual claims experienced.

MOTION: Zaborowski moved, second by Draeger to approve Ordinance 168-O-084. Motion carried 6-0.

Annual Report on Disposal of Fixed Assets

Stauffer distributed copies of her report titled "County Property Disposal/Transfer Report" for 1/1/13 through 12/31/13 which included information on departments transferring property to County inventory, departments accepting property from County inventory, and property disposed, donated, recycled or sold. Revenues during this time period totaled \$407,397.72 from recycled items, scrap metals, and inventory surpluses, acquisitions, Fleet, and retired vehicles in the vehicle replacement plan. Dumpster charges, estimated at \$100, were avoided due to recycling.

MOTION: Morris moved, second by Draeger to accept the annual report on the disposal of fixed assets. Motion carried 6-0.

Public Comment

Emery spoke against razing the old Human Services Building which is on the national and state register of historic places. Moving the building is not feasible since the land is also designated a historical landmark. She indicated a developer has expressed interest in this building and she urged the Board to explore other options before condemning the building. The old Pabst Brewery in Milwaukee, once under threat of demolition, is now a beautiful building and a leading platinum destination. Emery distributed copies of a letter from Waukesha resident Daniel Sheldon requesting the resolution be amended to allow selling the property for private development.

K. Cummings said she will present an amendment to the resolution on the County Board floor to allow for the sale and/or relocation of the building. Selling this building would result in a cost avoidance of \$3.3 million for the demolition and will put it on the tax rolls. One potential use for the building would be an assisted living facility. She said if the County sells the building, it divests itself of liability. She does not believe parking would be an issue and called that argument a “red herring.” She also said a credible developer has inquired about the building.

Marilyn Hagerstrand also spoke in support of saving this building from demolition due to its historical value.

Resolution 168-R-007: Resolution To Sell And Relocate Or Tear Down The Old Waukesha County Health And Human Services Building

Bussler and Shaver were present to discuss this item which involves selling and relocating or razing the old Human Services building. Bussler indicated a previous study confirmed that a basic remodel of the building would be too expensive due to the building’s design. New mechanical systems would be needed and there is a significant amount of asbestos. For a business to be viable there they would need to build a parking structure which would cost tens of millions of dollars. There are no spare parking spaces for the new Human Services Building (located just west of the old building). Bussler concurred the building is on national, state, and city registers for historic places. If the building is sold we cannot get it back and this would be detrimental to future expansion of the County campus. Razing the building would cost \$3.3 million and includes additional parking spaces, grass, and other work to finish off the site. If it is not sold, the demolition would be included in the next Capital Projects Plan.

Shaver said the federal register does allow the County to raze the building. The State Historical Preservation Office has not yet been notified of the County’s intent. This process will be initiated after and if the County Board approves the original intent of the resolution. Shaver explained the timeline for this process as written in the Statutes, which also includes the process involving the City, and believes we could complete the process in six months. Bussler noted that City and State staff have been aware of the County’s intent for some time now, although not officially, and State staff have toured the building in the past.

Bussler said the County is proposing to sell the building and that it be relocated. If the building does not sell within six months, it will be demolished. The land will remain County land and designated for future County development. Draeger spoke in support of saving the historical portion of the building, tearing down the remaining areas which would resolve the parking issue, and allowing an outside interest to lease the building. He felt if somebody wants to take on that risk we should give them the chance. The possibility exists and the option should be available for consideration. K. Cummings suggested demolishing the west wing to allow for additional parking. Haukohl felt other options could be considered, particularly for the historic portion of the building. Shaver said it would be possible to save and preserve certain historical elements of the building for later use, perhaps for a commemorative shelter, similar to what they did at the Eble Park site. This option, however, has not yet been discussed. Haukohl supported this concept, a historical landmark of some type. To answer Haukohl’s question, Shaver said if the building is razed, structural fill will be used so it can be built on again in the future, if needed. It will not all be for parking and there will be added green space.

Shaver and Bussler explained that if K. Cummings' amendment passes, the County will have to disclose to a potential developer that no County funding is included. Also, there will be no long-term certainty. The developer will lose their investment if the County takes the building back for future County development. Bussler said the developer would also be required to pay for some improvements as there are structural issues that need to be fixed before it could be occupied. Bussler said, in good conscience, she did not believe we should include that as an option. Nelson advised he would be voting no on the resolution, similar to Draeger's reasoning, and he has seen successful preservation projects. Zaborowski was concerned that keeping the building could create another "museum fiasco."

Shaver suggested K. Cummings' amendment be clarified, that the sale is for the structure only, not the land. Haukohl asked Shaver and/or Bussler to work with K. Cummings on her amendment for her to present at the January 28 County Board meeting. Stauffer indicated this building would be considered a very high risk exposure for liability and property insurance purposes which she explained further. Nelson suggested as part of the amendment to include verbiage that the developer would have to agree to create joint parking and take on the asbestos and liability issues. While a longshot, it would save the County \$3.3 million.

MOTION: Morris moved, second by Meyer to approve Resolution 168-R-007. Motion carried 4-2. Nelson and Draeger voted no.

Ordinance 168-O-078: Appropriate Additional Revenues And Expenditures To The Central Fleet 2013 Budget

Forrest and Rauchle were present to discuss this item. This ordinance appropriates \$140,000 of estimated above-budget revenue in the 2013 Central Fleet budget to increase expenditures by the same amount to \$2,277,605. There was an increase in expenditures due to the cost of parts associated with additional equipment repairs which is due to more equipment hours associated with winter roadway maintenance work. Central Fleet operates as an internal service fund with costs recovered by charging user departments. Associated increased interdepartmental revenue of \$140,000 is requested to be appropriated to offset the increased expenditures. Departments, mainly the Public Works Transportation Program, will propose separate 2013 budget action to address additional expenditures within their interdepartmental charges budget appropriations.

MOTION: Zaborowski moved, second by Draeger to approve Ordinance 168-O-078. Motion carried 6-0.

Ordinance 168-O-079: Modify The Transportation Fund 2013 Budget For Additional Year End State And County Highway Maintenance Work

Forrest and Chladil were present to discuss this item. This ordinance appropriates additional revenue and expenditure authority of \$975,000 to the Public Works Transportation Fund (2013 budget) for additional expenditures related to higher volume of snow and ice removal activity for both State and County highway operations. Expenditure increases include an additional \$650,000 for salt and \$325,000 in interdepartmental charges from Central Fleet for additional fuel and repairs. Underspending in the transit contract, related to fuel costs, will also be used to offset additional salt expenditures of almost \$125,000.

Expenditure increases are funded with additional State revenues of \$525,000 for maintenance work performed on State roads. A portion of the additional salt expenditure is also funded with revenues

from municipalities totaling \$205,000 from salt sales. Also, \$155,000 from reimbursements for signal repairs associated with traffic signal knock-downs is also appropriated. This revenue is currently accounted for in the Public Works General fund and will be transferred as authorized by the ordinance to the Transportation Fund. These revenue adjustments of \$885,000 were not sufficient to fund the total additional costs resulting in the need for a contingency transfer of \$90,000 also authorized in this ordinance.

Chladil distributed data on salt usage statistics for 2003 through 2013. He noted that salt is very difficult to get right now due to various weather related issues and other factors.

MOTION: Nelson moved, second by Zaborowski to approve Ordinance 168-O-079. Motion carried 6-0.

Results of the 2013 Tax Foreclosure Process

Reeves was present to discuss her report as outlined including auction profits compared to tax revenue losses. Reeves noted this was the worst year for foreclosures and they had started out with 358 properties. The December 13, 2013 auction resulted in a net profit of \$20,191 for the County. Reeves advised that 16 properties were up for auction and nine were sold. Meyer said one problem is that condemned and dilapidated homes are still being taxed on high assessment rates, much more than what they are actually worth.

MOTION: Draeger moved, second by Morris to accept the report on the 2013 tax foreclosure process. Motion carried 6-0.

Fund Transfer 2013-01: Emergency Management – Transfer Funds from Operating Expenses, Interdepartmental Expenses, and Fixed Assets to Personnel Expenses

Bell and Dunn were present to discuss this fund transfer which involves transferring \$99,560. Due to higher than anticipated overtime costs, related to coverage while new and additional Telecommunicators hired for the New Berlin dispatch services were trained, the department anticipates finishing the year over budget in the personnel appropriation unit. Operating expenses are estimated to finish below budget mostly due to unspent contracted services expenditures budgeted for business continuity work. Staff were able to do the work in-house thereby avoiding these costs. Interdepartmental expenses are estimated to be below budget mostly due to EUTF charges coming in lower than budget. Staff also indicate that no additional (fixed asset) equipment purchases will be made for the remainder of the year and that the remaining funds are available for transfer.

MOTION: Nelson moved, second by Zaborowski to approve fund transfer 2013-01, Emergency Management. Motion carried 6-0.

Ordinance 168-O-083: Modify And Restructure The Health And Human Services Community Support Program Supervisory And Case Management Functions

Sternweis, Lilley, and Gage were present to discuss this item. This ordinance abolishes two regular part-time supervisory positions at a combined 1.50 full-time equivalent (FTE), and creates 1.0 FTE regular full-time supervisory position. Assuming the new position is filled at a similar salary rate as the part-time positions in 2014, the total cost of the position with benefits is estimated at \$99,100 for the ten months in 2014 based on the projected start date. The two regular part-time supervisory positions were budgeted at a combined cost of approximately \$154,100 and it is estimated that

\$31,400 of personnel costs will be incurred prior to their retirement. Therefore, this portion of the ordinance results in an estimated budget savings of \$23,600 in 2014.

This ordinance also abolishes 0.75 FTE regular part-time Senior Mental Health Counselor and creates 1.0 FTE regular full-time Senior Mental Health Counselor position. The 2014 (budgeted) estimated cost associated with this position (including benefits) is \$51,350. Factoring in the additional 0.25 FTE added to this position starting in April 2014, the total cost for this 1.0 FTE is approximately \$65,300 or an increase of \$13,950 in 2014. In addition, this ordinance establishes a salary adjustment of \$1.50 per hour for Clinical Therapists assigned to function as a lead worker in the department at an estimated annual cost of about \$3,150. These additional expenditures totaling \$17,100 are offset with savings from the supervisory position of \$23,600 resulting in an estimated 2014 savings of about \$6,500 in the Community Support Program.

MOTION: Nelson moved, second by Draeger to approve Ordinance 168-O-083. Motion carried 6-0.

Ordinance 168-O-082: Modify The 2013 Health And Human Services Budget To Include Additional Revenue And Expenditures Related To The Children With Long-Term Support Needs Third Party Administrator

Lilley was present to discuss this item. This ordinance modifies the department's 2013 budget to include an additional \$250,000 of revenues and operating expenditures associated with the Children with Long-Term Support Needs (CLTS) program. Enrolled Ordinance 168-75 previously modified the 2013 budget to include \$2,900,000 of revenues and operating expenditures associated with this program. The State of Wisconsin contracts with a third-party provider, Wisconsin Physicians Services, who pays all claims made under this program. In early 2013, the State issued a requirement that although this funding passed directly from the State to a State-contracted administrator; it needed to be reported as a grant to the County governments where the program activity occurred. This ordinance includes the additional impact of that reporting requirement for 2013, not captured in Enrolled Ordinance 168-75. The department has included this program in the 2014 adopted budget. There is no direct tax levy impact from this ordinance.

MOTION: Morris moved, second by Meyer to approve Ordinance 168-O-082. Motion carried 6-0.

Refinancing the 2007 Bond Issue

N. Cummings and Viegut were present to discuss this item. Copies of "Waukesha County Refunding 2007 Notes" prepared by Baird which included information on borrowing amount, method of debt issuance, terms, interest payments, timeline, and a summary of the refinancing. Viegut indicated the estimated present value savings of the refinancing is \$219,068 (or 5.095%). N. Cummings said this is a conservative estimate and the savings could be more. The Finance Committee will meet at 6:15 p.m. on February 25th to approve an ordinance accepting the bond issue.

Approve Minutes of 12-11-13

MOTION: Morris moved, second by Zaborowski to approve the minutes of December 11. Motion carried 6-0.

Schedule Next Meeting Dates

- February 5 (if necessary, will start at 2:30 p.m.)
- February 25 (at 6:15 p.m., before the County Board meeting)

Chair's Executive Committee Report of 1-20-14

Haukohl highlighted the following items discussed at the last Executive Committee meeting.

- Discussed and approved Resolution 168-R-007, also on this agenda, and Ordinance 168-O-080 titled "Implement Fiduciary Safeguards for Waukesha County Historical Museum 2014 County Funding."
- Reeves reviewed the results of the 2013 tax foreclosure process, also on this agenda.
- The Committee determined an appraised value for a tax foreclosed property formerly known as Griddler's Café at N88W16747 Appleton Avenue in Menomonee Falls.

State Legislative Update

Haukohl said Spaeth reported at the Executive Committee meeting that she is monitoring a number of bills involving additional dollars for mental health services.

Closed Session

MOTION: Meyer moved, second by Morris to go into closed session at 11:08 a.m. pursuant to Wis. Stats. 19.85(1)(g), to confer with staff and Corporation Counsel who is rendering oral advice concerning strategy to be adopted with respect to the potential compromise of pending litigation (Robert C. Ahonen v. Waukesha County, Case No. 12-CV-3371) and to approve the closed session minutes of April 17, 2013. Motion carried 6-0.

MOTION: Meyer moved, second by Morris to return to open session at 11:29 a.m. Motion carried 6-0.

Authorization of Settlement for Robert C. Ahonen v. Waukesha County, Case No. 12-CV-3371

MOTION: Nelson moved, second by Draeger to authorize a settlement of \$3,000. Motion carried 6-0.

MOTION: Meyer moved, second by Nelson to adjourn at 11:30 a.m. Motion carried 6-0.

Respectfully submitted,

William J. Zaborowski
Secretary